canada/yukon economic development agreement

# Finding Your Own Way:

## *An Introduction to Community Economic Development for Yukon Communities*

*Community Economic Development*
**Booklet 1**

Canada

Yukon
Government

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*Additional booklets can be obtained from the DIAND Economic Development Directorate at (403) 667-3180, or from the Yukon Department of Economic Development: Mines and Small Business at (403) 667-5461 (Yukon residents outside Whitehorse can call 1-667-5955, toll free).*

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# Community Economic Development: What Is It?

In southern Canada, people think of the Yukon as big and white and cold — a beautiful place to visit and an important source of valuable minerals. But for the people who live in its communities, the Yukon is a place to work, raise children and enjoy the companionship of family and friends. In short, it is home.

For Yukoners, northern development means tourism and resource potential, just as it does for Southerners. But it also means community, which includes jobs, services, housing and everything that makes for a good place to live. That's what Community Economic Development is all about — making communities better places in which to live and work.

Most approaches to economic development begin at the national or territorial level with "the big picture". Community Economic Development starts instead at the local level, basing development plans on local needs and interests. With a clear understanding of what local people want, communities can then work to link their goals to regional, territorial, national and international economies.

Community Economic Development also differs from most other approaches to economic development because it looks at the whole community, at everything that affects quality of life. Every Community Economic Development project, if it is to survive, must eventually become profitable. But often the reason for starting a project is to meet a social or cultural need, rather than an economic one. Four examples of community projects which fulfill social or cultural needs are listed below.

- creating local jobs for young people so that they can continue to live in their home communities,
- starting a community gardening project so that people can have fresher, cheaper and more nutritious vegetables,
- building a group home for former prisoners so that they might be able to return home sooner, and
- starting a training program so that young people can learn traditional skills from old people.

There are as many reasons for starting projects as there are needs in communities. And there are as many different kinds of projects as there are ways to make money. Across Canada, and in industrial countries around the world, there are thousands of Community Economic Development projects and programs operating successfully. They involve everything from tiny secondhand clothing exchanges to multi- million dollar operations like New Dawn Enterprises on Cape Breton Island. They may operate on a breakeven basis with volunteers for staff, or again like New Dawn Enter-

prises, they may occupy more than 160 employees in activities ranging from craft training to construction or selling used car parts.

However large or small, and whatever activities they may involve, all Community Economic Development projects:

- start with a small group of highly committed people,
- use business practices and other economic activities to achieve social, cultural, and economic improvements to communities, and
- operate on the belief that local people have the ability to manage their own affairs, and that they should be encouraged to participate in local project planning.

This, then is how Community Economic Development can be defined:

**Any project which is started by a group of people who share a common interest - community; and which should eventually become financially self-supporting - economic; and which involves a planned process intended to change things for the better - development.**

*Community Economic Development means putting local needs and interests first.*

# How Does Community Economic Development Work?

Whenever a group of people gets together to start a business or project that is potentially self-supporting, and to improve the quality of life for themselves and others in their community, that group is getting involved in Community Economic Development.

A **community** can be any group of people with a common interest or understanding, and a desire to work together for the benefit of themselves and others. Most people think of a community as a town or village. But communities are not just geographical locations. In the Yukon, we often talk about the native community or the business community. Similarly, we associate together people who share common concerns or activities, such as environmentalists or craftspeople. Groups such as these form communities of interest which cross geographical boundaries.

Like a family, any community is based on the relationships which tie people together. These relationships can be economic, concerning how people make a living and distribute resources among one another. They can be social and cultural, pertaining to how they share daily rituals in elating to the world and to each other. And finally these relationships can be political, regarding how they make decisions. In practice, different kinds of relationships cannot be clearly separated. Economic relationships always have a social or political aspect, and vice versa. That is why Community Economic Development takes an **integrated** approach, including social, cultural and sometimes political goals in economic development planning.

Getting started in Community Economic Development, moving from that first discussion about trying something new to actually getting a project off the ground, involves three main building blocks.

## The Building Blocks for Community Economic Development

### 1. Gathering Resources

Although nearly every Community Economic Development project makes use of outside resources at some time, the emphasis is always on local resources. Resources that are available locally include a broad range of items: financial resources, or money; material resources, such as equipment or bartered goods; and natural resources such as wood, water, minerals or wildlife. The most important component of any Community Economic Development project, of course, is its human resources. These are the people who share their time, knowledge, skills, and experience with others to start something new.

The most important step in starting any Community Economic Development project involves getting together the people who have the necessary knowledge and experience, or who are willing to go to governments and other sources of assistance, to meet local needs.

## 2. Sound Business Planning

Like any other business, a Community Economic Development project requires a good **business plan**, which identifies:

- **the opportunity** - the service or product the project is intended to provide.
- **the market** - the target group to whom the service or product will be offered, and why these people may want or need this opportunity.
- **the organization** - how the project will be organized, giving attention to its structure, management principles, "management team" members (paid and/or unpaid), and access to skills, knowledge and training through and outside its own membership.
- **required resources** - the amount and source of money needed to start and to maintain the project, as well as the availability of other resources, e.g. volunteer help, donated facilities, and shared equipment.

## 3. Community Participation

Community Economic Development projects are most successful when community members from a broad cross-section of interests and skills get involved, and feel their contribution is important. Their sense of ownership over a project is what will get it through the tough times. The more community members invest of themselves — of their time, money, equipment — the more likely they will be to develop a strong sense of responsibility toward the project. And, of course, people are most likely to want to get involved in a project when it answers a strongly felt need, when the project is doing something that is important to themselves, and to their families and friends.

## Fitting the Building Blocks Together: A Local Success Story

The Yukon Women's Mini-Bus Society was started in 1973 by a group of women concerned about the lack of public transportation in Whitehorse. When they began their project, the women knew nothing about running a bus system and very little about working with governments. But by early 1976, three buses were on the road. An evaluation conducted the following year found the new bus system was highly successful at bringing formerly isolated people to and from downtown.

Over the three year period from 1973 to 1976, the Society persisted against many obstacles to put together the necessary building blocks for their project. They gathered the needed resources both by learning what they had to know to make the project successful, and by developing a good **business plan** to convince three levels of government to cooperate with them in operating a bus system. Perhaps the most important ingredient for success was that the Society had identified and addressed a profound community need. Because of this, and because of the hundreds of hours of hard work which Society members gave to developing the project, there was sufficient **community participation** and **support** to overcome the skepticism of those who thought the project would not succeed.

The Yukon Women's Mini-Bus Society is discussed more fully in Booklet 4 of this series, *Achieving Success*.

*What began in 1973 as the Yukon Women's Mini-Bus Society is now a fully-developed municipal transit system, with extended services to the handicapped and elderly.*

# What Can Community Economic Development Do For Your Community?

In communities all across Canada, Community Economic Development has proven itself to be an important development tool. It may decrease unemployment by creating new jobs and preserving old ones. Likewise, it can start new businesses which provide services needed locally, or produce marketable goods that bring more cash into the local economy. It may also lead to the development of new skills without requiring people to travel far away from home. In short, Community Economic Development offers the potential to strengthen local economies and develop human resources.

## Strengthening Local Economies

Because Community Economic Development is based on local ownership and control, its activities are sensitive to changes in community needs and opportunities. Its focus on local involvement, and on local investment of both cash and non-cash resources, means that survival is possible even when times are difficult. A Community Economic Development project can therefore take advantage of opportunities which are not profitable enough or seem too risky for private enterprise. In this way, a project can both bring new money into the community and expand the base of non-cash resources available to the local economy. Because its priority is to respond to local conditions, Community Economic Development can add flexibility, diversity, and resilience to the local economic base. The end result is a stronger community.

## Developing Human Resources

As stated earlier, Community Economic Development revolves around the idea that local people should own and manage local enterprises whenever possible. Thus, the improvement of educational levels and the development of new skills are a priority in every project.

Community Economic Development recognizes also that every project and every community requires many different types of leadership skills. For example, every project needs:

- **initiators** - energetic people with good ideas,
- **managers** - people who are good at coping with day-to-day problems as they come up,
- **organizers** - entrepreneurial types who are good at negotiating and finding resources, and
- **harmonizers** - "people" people who can help to resolve conflicts and to ensure that everyone gets along well enough so that decisions can be made and plans approved.

# Introduction

***Finding Your Own Way*** is Booklet 1 in a series of 4 booklets on Community Economic Development. These booklets have been prepared for the use of Yukon communities under the Canada/Yukon Subsidiary Agreement on Economic Development Planning. Other titles in the series are:

**Booklet 2**
*Discovering Your Community's Opportunities and Resources*
**Booklet 3**
*Building a Community Economic Development Organization*
**Booklet 4**
*Achieving Success: Community Economic Development Initiatives in Northern Communities*

This first booklet provides an introduction to Community Economic Development. It attempts to explain how and why Community Economic Development works, and what some of its limitations are. Further, it contains a step-by-step guide to starting a Community Economic Development project. While there is much to be learned on the road to success with Community Economic Development, this guide serves as a handy summary of the basic steps along that road. Finally, this booklet lists organizations and publications that can provide Yukoners with further information on the Community Economic Development process.

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**An important part of every project is to look for and develop the various types of leadership potential; and to recognize that it usually takes many different "leaders", with many different skills, to make a project successful.**

## What Are the Limitations of Community Economic Development?

Community Economic Development is generally not easy. Nor is it a solution to all the problems of your — or any — community. Like any development process, it is subject to limitations. The following "cautionary notes" are particularly important to remember.

- Community Economic Development projects often take **a long time** to get off the ground. They typically require a high level of commitment and persistence by a **small group of people** who are just too stubborn to give up. The case of the Whitehorse Women's Mini-Bus Society, discussed earlier, is far from unique. Just like the average small business, a project often takes five years to get to the point where it can be called successful.

- There are no "big bangs" with Community Economic Development. Projects do not typically make great changes for the better in a short time. Community Economic Development involves building one **small** success on another, over a long period. Benefits are not always obvious immediately. For instance, in a community where nearly everyone is unemployed, three or four new jobs may not seem like much. But if the jobs last, and if the project that created them provides an incentive for other similar projects to start, they can make an important — but small — contribution to a big problem.

- Community Economic Development starts with **community**. In places like the Yukon where people are divided by long distances, and by cultural differences, it can be difficult to get people together to agree on common problems and solutions. It is also a challenge to keep them together over the period of time it takes to develop a new project.

- Not every community has the **resources** needed to start a Community Economic Development project. Sometimes it is human resources — skills and expertise — that are lacking. In those cases, private consultants can be

hired if money is available to pay them; or government departments can be approached for assistance. Using consultants effectively, however, is not always easy. Often, consultants are not aware of local conditions, and their interests may differ from those of the project's sponsors. Thus it is important that government-sponsored or private sector sources of assistance be provided with clear direction from the community. A written contract or agreement is one way to see that such direction is formulated and agreed to beforehand.

- Sometimes, money is the lacking resource for a project. Many Community Economic Development projects have great difficulty in locating start-up capital; and, like other small businesses, many projects suffer from a chronic lack of working capital. Conventional lenders — like banks — are often not familiar with the idea of Community Economic Development and require much discussion before financing can be arranged.*

**Remember, where there's a will, there's a way.** It's never easy, but in almost every case, the problems can be overcome with creativity and commitment.

* Yukoners should note that there are several government programs in place to help fund projects that are generally not attractive to commercial banks. Details on these programs are available from the organizations listed on page 13.

# Six Steps to Starting a Community Economic Development Project

Not every project will follow the six steps we have identified below in exactly the order we describe. **There is no "recipe" for successful Community Economic Development.** The progress of each project will be different depending on who is starting it, why and under what local conditions. The steps outlined below do, however, describe a sequence of events which is typical of many projects.

## Step 1: Getting Together a Core Group

It takes a core group of community members to begin the Community Economic Development process and see it through until a project is actually up and running. The most important criterion for choosing group members is commitment — they should really care about the proposed project and feel strongly that it is important to their community. Beyond this first consideration, the ideal membership balance for your group will include those who:

- have successful experience in planning and operating businesses,
- know how the community works,
- have previous experience with some of its groups and organizations,
- represent as broadly as possible the various interest groups within the community,
- can enjoy working together, and
- have "entrepreneurial spirit" - the ability to see opportunities for money-making ventures, and the creative energy and drive to make them happen.

Of course, many groups begin without the ideal balance. All you really need is between five and eight people who share the same concerns, and who are willing to work not only together but with others throughout their community.

## Step 2: Developing Goals, Thinking about Opportunities and Resources

Booklet 2 in this series takes a closer look at Community Economic Development opportunities and resources. The key point it makes is that identifying opportunities for project activities and finding the resources to make them happen go hand in hand. This means you should consider how you are going to carry out your goals while you are still in the process of defining them.

The best way to identify goals is to first think about the reasons why the core group was formed. What **needs** brought people together? What is the problem? Why is it important? What can be done about it? Who else feels the same need?

Then, think about what local **resources** are available that could be used to address your identified need. What people, buildings, money, and sources of advice might be available to you? Under what conditions?

Finally think about **activities**. What project activities could be developed to address the need or needs you have identified? For which of the possible activities are there available local resources?

## Step 3: Choosing an Activity

Now is the time to decide on a first project activity. It is usually best to choose a small task with a good chance of success. This first activity should also be one that can make a concrete and visible contribution to the community as a whole. Later, once your group has proven itself with one or two small successes, you can take on more complex projects.

## Step 4: Creating an Organization

Next, you need to decide on the kind of organizational structure that you will need to support your project. Booklet 3 in this series discusses in detail possible structures, and gives some suggestions about where to go for legal and accounting advice. The way you organize yourselves **will** make a difference. Don't hesitate to ask for assistance and information about the various legal and operational options available to you.

A few important points to remember about creating an organization are listed below.

- No one structure is right for every business or for every group of people. Many Community Economic Development groups — like New Dawn Corporation, for instance — include cooperatives, non-profit societies and incorporated "for-profit" companies under one umbrella organization. Other groups, including many sponsors of projects initiated under the former Local Employment Assistance Program of the Canadian Employment and Immigration Commission (CEIC), start off with non-profit structures. Later, as their activities evolve, they might reincorporate as cooperatives or for-profit companies.

- You should not decide on an organizational structure until your goals are determined. Each structure is more useful for some purposes and less so for others. Try to choose the best option, but don't get "hung up" in the process. Almost any structure will work if people really want it to. And structures can always be changed, more easily than most other aspects of your project.

- At some point, your organization may need to become legally incorporated. A lawyer's advice about incorporation procedures, implications for operations and tax arrangements is usually essential.

- Pay particular attention to assembling a Board of Directors. The Board is usually an expanded core group. Strong and active Boards play a fundamental role in setting priorities, establishing criteria for operations, offering needed skills and expertise, providing voluntary labour, and developing contacts with other organizations and agencies.

When deciding to create or modify your organization, keep in mind that its structure should be:

- **functional** - to promote efficient and effective work,
- **flexible** - to be able to survive changes over time,
- **open** - to allow for distribution of responsibility and for active participation in decision-making by those who are affected by the project,
- **understandable** - to prevent other community members from feeling threatened, and
- **protective** - to safeguard the interests of those involved.

## Step 5: Writing a Plan of Action

Your written plan or proposal is not only an important reference point within your organization. It is also your selling card in going to outside groups for assistance. A clearly written, well organized plan tells people that you know what you want to do and that you are likely able to do it. It is always a good idea to show your proposal to someone before you send it off. An experienced second opinion can make a big difference to your chances of success.

Make sure that your proposal discusses the following three items.

**Use of Local Resources.** A project totally supported from outside your community has much less chance of success than one that has even the smallest amount of local contribution. Take the time to organize local contributions before you start to send off proposals. The time and effort required will be repaid to you many times in the future.

**Capital Needs.** Know exactly how much money you need, and when. It is often very difficult to guess in advance what your financial requirements will be. Unfortunately, it is nearly always necessary to give a precise dollar figure when making requests. Someone with previous experience in running Community Economic Development projects or other businesses can be invaluable in helping you to make a "best guess".

**Technical Skills.** Money is of no use at all if you do not have the expertise you need to make good use of it. The importance of good project management cannot be overstated. Sometimes it is necessary to bring in managers or development workers from outside a community in order to have the necessary skills and experience. If so, it is critical that the job descriptions of these people include training and education of local people. Every project, furthermore, should involve ongoing skills development for staff and Board members. This can be accomplished through structured workshops, job-sharing, task rotation, and/or a supportive atmosphere for learning "on the job".

## Step 6: Approving and Implementing Your Plan

Your written plan should be reviewed, and approved, by everyone in your core group. Then you are ready to roll up your sleeves and move from planning into action.

Booklets 2 and 3 in this series — *Discovering Your Community's Opportunities and Resources*, and *Building a Community Economic Development Organization* — discuss in more detail the work that needs to be done to get your project going. Booklet 4, *Achieving Success*, tells the stories of six successful Community Economic Development projects.

# Sources of Additional Information

## Local Organizations and Offices

**Business Development Office**, Department of Economic Development: Mines and Small Business, Yukon Government, Shoppers Plaza, 211 Main Street; or Box 2703, Whitehorse, Yukon, Y1A 2C6. 667-3011, or 1-667-5955 toll free.

**Regional Business Development Offices**:

a) Old Territorial Administration Building, Box 810, Dawson City, Yukon, Y0B 1G0. 993-5747.

b) Holt Building, Box 226, Watson Lake, Yukon, Y0A 1C0. 536- 2178.

c) Ross River. Call toll free number above for details.

**Consumer, Corporate and Labour Affairs**, Department of Justice, Yukon Government, Andrew A. Philipsen Law Centre, 2130 & 2134 Second Avenue; or Box 2703, Whitehorse, Yukon, Y1A 2C6. 667-5111.

**Council for Yukon Indians**, 22 Nisutlin Drive, Whitehorse, Yukon, Y1A 3S5. 667-7631.

**Federal Business Development Bank**, 240-204 Lambert Street, Whitehorse, Yukon, Y1A 1Z4. 668-4030 or zenith 03200.

**Yukon Indian Development Corporation**, Royal Bank Building, 4110 Fourth Avenue (at Main Street); or Box 4042, Whitehorse, Yukon, Y1A 3S9. 668-3908.

**Yukon Public Legal Education Association**, Box 4490, Whitehorse, Yukon Y1A 2R8. 667-4305.

Further sources of local information are listed in Booklet 2, *Discovering Your Community's Opportunities and Resources*. See following page for relevant books and publications.

## Publications


Abbey-Livingston, D., *Enjoying Research? A How-To Manual on Needs Assessment*. Toronto: Ministry of Tourism and Recreation, 1982.

Bradford, B., *Making Meetings Work: A Guide for Leaders and Group Members*. La Jolla, California: University Associates, 1976.

Craig, *A Hip Pocket Guide to Planning and Evaluation*. Burlington: University Associates of Canada, 1978.

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Dorsey C., and E. Ticoll, eds., *The Nuts and Bolts of Community-based Economic Development*. Edmonton: Edmonton Social Planning Council, 1982.

Doyle, and Strauss, *How to Make Meetings Work*. Chicago: Playboy Press, 1979.

Federal Business Development Bank, *Minding Your Own Business* — a series of pamphlets on starting and managing small businesses, available in the Whitehorse office of the Federal Business Development Bank (FBDB); see address above.

IDERA, *The START Chart: A Guide to Program Development*. Vancouver: International Development Education and Research Association, 1978.

Ontario Ministry of Industry and Tourism, *Starting a Small Business in Ontario*. Toronto, 1983.

Statistics Canada, *How Communities can Use Statistics*. Ottawa, 1981.

Wismer, Susan, and David Pell, *Community Profit: Community-Based Economic Development in Canada*. Toronto: Is Five Press, 1981.


Books and publications are available through the Yukon Government Department of Economic Development, Yukon College, or Whitehorse Public Library; or by contacting Wismer, Pell and Associates Limited, Box 1204, Guelph, Ontario, N1H 6N6. (519) 836-9885.

Libraries and bookstores carry directories listing the addresses of publishers and their Canadian distributors.

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